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Thirty-eighth session

SUMMARY RECORD OF THE 28th MEETING

Held at Headquarters, New York,
on Thursday, 13 June 1991, at 3 p.m.

President:

Mr. PIRIZ-BALLON

(Uruguay)

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The meeting was called to order at 3.15 p.m.

PROGRAMME PLANNING (continued)

(c) SUPPORT COSTS: SUCCESSOR ARRANGEMENTS (continued) (DP/1991/25 and 27)

1. Mr. KRAMER (Canada), speaking in his capacity as Vice-President of the Council, reported that he had convened informal meetings at which further informal consultations on successor arrangements had been agreed upon. Two aspects of the issue were being discussed: the substantive functioning of technical support services, at the programme and project levels and the financing of those services. Progress had been slow and difficult and although the atmosphere was positive and all delegations were willing to take the views of others into account, the time available might not be sufficient for decisions to be reached. He remained hopeful, however, that work on that issue would be completed despite the pressure of other tasks faced by Council members. Time was of the essence and all interested parties should focus on essentials rather than fall back on prepared positions. In short, the time had not yet come for a formal debate on the matter.
2. Mr. MEHDI (United Nations Industrial Development Organization, UNIDO) said that the current session of the Governing Council might well prove to be a watershed because, once a decision was taken on successor arrangements, it would have redefined the roles of, and realigned the relations between, Governments, UNDP and the agencies. Already, it was recognized that far-reaching changes needed to be made with respect to development issues and that successor arrangements should ensure better-quality operational activities and maximum cost-effectiveness. The issue of successor arrangements transcended the narrow question of reimbursements and went to the very heart of multilateralism.
3. UNIDO was fully supportive of the need for reform and welcomed the establishment of a facility for technical support services at the programme level (TSS-1). It had already proposed a comprehensive plan of reorganization that would enable it to undertake country-level analysis and provide policy advice in industrial sectors. There was uncertainty about the magnitude of the resources needed for TSS-1; the proposed \$80 million might be barely sufficient.
4. The agencies saw their involvement in technical appraisal, monitoring and evaluation as a logical extension of their role as UNDP's technical partners and as a sine qua non for the technical quality of projects.
5. The sum of \$44 million proposed for technical support services at the project level (TSS-2) was woefully inadequate and might prove to be a false economy, as it implied a shift of the burden of financing to the agencies, who might well refuse to assume that burden.

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(Mr. Mehdi, UNIDO)

6. The consultants appointed by the Administrator had established the relative costs of services, which had now to be converted into a system of reimbursement rates that would respect the overall 10 per cent ceiling. That presented a challenge as well as an opportunity, since the resolution of outstanding issues should lead to the establishment of a scheme that was understandable and easy to apply.

7. There was some danger of establishing excessively complex schemes for the different components of the successor arrangements. Complexity carried with it a high managerial and financial burden that should and must be reduced to the minimum. It appeared that OPS was to be reimbursed at a flat rate of 10 per cent for administrative and operational services. Different organizations must not receive different reimbursements for providing similar services.

8. The limited involvement of the agencies in the implementation of Special Programme Resources was a matter of concern. The solution lay in creating greater complementarity between SPR and the new TSS-1 facility.

9. There was a demonstrated need to provide adequate transitional arrangements for the agencies. If the enormous uncertainty for the agencies was to be removed, a certain predictability was essential. There was also a need to provide training to ensure that government officials and UNDP and agency headquarters and field staff understood the new regime fully before it was applied on a large scale.

10. The manner in which special or exceptional circumstances would be dealt with under the proposed successor arrangements needed to be considered in the decision to be adopted by the Governing Council.

11. The programme of UNIDO country directors was in some jeopardy because the 10 to 12 posts funded from UNIDO's support cost income could not be assured in future bienniums. Some creative solution was therefore required.

12. Mr. FORBES WATT (Food and Agriculture Organization of the United Nations, FAO) said that FAO had contributed amply to the preparation of the new UNDP successor arrangements for support costs. FAO's views on the Administrator's proposals had been very adequately reflected in the joint agency paper on the matter and had been carefully reviewed and collectively discussed by the agencies.

13. The arrangements as proposed were complex, with different regimes applying to different organizations. There was a need to keep to a minimum time-consuming project-by-project negotiations and to ensure that strong technical support was provided to projects, including those under national execution. There was a danger of disruptive effects on the large and valuable flows of skill and expertise from agencies such as FAO to the developing countries, and effective transitional measures therefore warranted particular attention.

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(Mr. Forbes Watt, FAO)

14. FAO was concerned to help ensure that the aims and goals of the proposed arrangements could be effectively achieved through the tripartite relationship and the United Nations unique system of multilateral cooperation for development. That issue lay at the heart of the future conduct of operational activities and the manner in which each partner could best use its own experience and expertise to meet the needs of developing countries, who were playing an increasingly predominant role in technical cooperation. FAO would do everything possible to ensure a well-considered and workable outcome.

15. Mr. INOUE (International Labour Organisation, ILO) expressed concern at the complexity and cost of the proposed successor arrangements and recalled that ILO was under severe financial constraints. He welcomed the Administrator's suggestion that an evaluation of the proposed arrangements should be carried out in late 1992.

16. Mr. REYES (Philippines) said that Governing Council decision 90/26 had marked the beginning of a new era in multilateral technical cooperation, defining the basic parameters of new successor arrangements. A lot more work remained to be done, however. His delegation noted with great satisfaction the series of consultations held between the Administrator and the agencies. At the current session, the Council must decide on the absolute amount of resources to be earmarked for each of the three elements of the successor arrangements and on the management of those financial resources. His delegation would be prepared to consider any proposal within the framework of Council decision 90/26 so that the new arrangements could be operational by 1 January 1992.

17. With respect to the level of resources for agency support costs in the fifth cycle, the intention of the Council had clearly been to allocate 14 per cent of programmable resources. Based on an earlier estimate of \$4.5 billion in programmable resources, the amount intended for agency support costs would be roughly \$630 million. Using a slightly lower amount of programmable resources (\$4.476 billion), the Administrator was proposing \$630 million or 14.16 per cent of programmable resources. His delegation did not have any difficulty with that amount since it was very close to the percentage agreed upon in 1990.

18. The adoption of Governing Council decision 90/26 had been subject to two conditions: first, that the successor arrangements should apply only to the five major agencies, and second, that the successor arrangements would take effect on 1 January 1992. Only projects approved on or after 1 January 1992 would be eligible for administrative and operational services (AOS) support. Therefore, transitional projects - those approved before 1 January 1992 and ongoing in the fifth cycle - would not be subject to the application of the successor arrangements. Because of those two conditions, the determination of the amount of resources to be earmarked for each of the three elements of the successor arrangements was less straightforward. Complexities could be avoided if delegations kept in mind the fact that successor arrangements had

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(Mr. Reyes, Philippines)

three elements and that altogether \$630 million had been appropriated, which was equivalent to 14 per cent of programmable resources. It was also important to remember that at the project level there were two kinds of support - AOS and TSS-2 - and that the proportion of AOS to programmable resources was five times that of TSS-2. Since only five major agencies would be affected by the arrangements, an amount had to be set aside to cover the usual reimbursement of 10 per cent to be claimed by the other agencies. In view of the fact that transitional projects to be implemented by the five major agencies would be provided support under the existing regime, it was also necessary to set aside an amount for that purpose.

19. Only the five agencies should be eligible for the payment of technical support services provided under TSS-1 and TSS-2. The same agencies should also be eligible for reimbursement of AOS if they implemented projects approved on or after 1 January 1992. All other agencies should be provided support under the existing regime, to be financed from the amount set aside for that purpose. Projects implemented by the five agencies in the fifth cycle but approved prior to 1 January 1992 should also be provided support under the existing regime. If any of the smaller agencies opted to join the new regime, the level of resources for each of the elements of the new regime would have to be modified accordingly.

20. Concerning the TSS-1 facility, his delegation was flexible as to how its use would be programmed, provided that programming would be based mainly on the needs of Governments. He was concerned about the administrative complexities involved if its use was based on a two-year global work programme involving the five agencies in order to respond to the needs of recipient countries. As with TSS-2, consideration should be given to the country allocation of TSS-1 resources and the delegation of authority by the Administrator to resident representatives in managing TSS-1 resources in order to ensure the effective use of the facility.

21. Since TSS-1 was intended to finance programme-level technical services to be rendered by the agencies, his delegation would be prepared to consider the distribution of TSS-1 resources among agencies based on projected demand by Governments. It suggested, however, that the proposed three-year forecast of such demand should take account of services actually rendered at the programme level by the agencies in the past.

22. TSS-2 resources were clearly intended to finance technical support services at all stages of the project cycle. Under Council decision 90/26, they should also be available to all projects in the sphere of competence of agencies operating under the new regime, regardless of whether they would be implemented by those agencies. Based on paragraph 12 of that decision, the IPF sub-line should allow payment for AOS rendered by eligible agencies of the United Nations system and external agents implementing UNDP-financed projects. If a smaller agency within the United Nations system was engaged to implement projects, it should be compensated under the old regime at

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(Mr. Reyes, Philippines)

13 per cent. However, if resources for AOS for the smaller agencies were similarly transferred to the IPF sub-line, they should be compensated at 13 per cent, of which 10 per cent should be charged to the IPF sub-line and 3 per cent to the centrally managed funds set aside for that purpose.

23. His delegation was concerned about the potential administrative complexities that that arrangement might entail. In order to obtain maximum benefit from technical assistance funded from the IPF, his delegation strongly recommended that technical support services for the various stages of the project cycle, including technical monitoring, should be charged against either TSS-2 or agency sources rather than through the project budget or the IPF, so that the IPF could be used to finance the cost of technical cooperation. One of the reasons for establishing TSS-2 was to improve the quality of projects, while preserving the IPF for funding the cost of project implementation.

24. With regard to sectoral support, his delegation endorsed the recommendation of the Administrator in document DP/1991/27 that sectoral support programmes should be continued in the fifth cycle for both UNIDO and the smaller agencies and that the amount of \$30 million appropriated for sectoral support in the fifth cycle should be distributed between UNIDO and the smaller agencies according to the same ratio as in the fourth cycle. Since ICAO met the basic criteria for eligibility under the sectoral support programme, his delegation supported its inclusion in that programme.

25. The Philippines also agreed with the Administrator that there was complementarity between the sectoral support programme and TSS-1 and -2 as sources of funds for providing policy and technical advice to Governments and resident representatives at the programme and project levels. Since the smaller agencies did not yet have access to TSS-1 and -2, technical support services to be provided by those agencies could be financed from their regular budgets and the sectoral support programme. With respect to UNIDO, TSS might be considered a complementary source of funding to meet its target number of UNIDO country directors, if resources in its regular budget and the sectoral support programme proved inadequate. In conclusion, his delegation was ready to cooperate with other delegations in working out the decisions which the Council must take at the current session on successor arrangements.

SENIOR MANAGEMENT STRUCTURE (continued) (DP/1991/50 and Add.1, DP/1991/51 and 62)

26. The PRESIDENT recalled that, in accordance with a proposal made by the delegation of Tunisia and adopted by the Council, he had addressed a letter to the Chairman of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) officially inviting him to introduce that Committee's report on the report on the UNDP senior management structure (DP/1991/50). In a letter dated 7 June 1991 addressed to the President, the Chairman of ACABQ had explained that the Committee's very heavy schedule did not permit him to address the Council to introduce the report in question and had pointed out

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(The President)

that in paragraph 11 of its report on the revised budget estimates for the biennium 1990-1991 and the budget estimates for the biennium 1992-1993 (DP/1991/62), the Advisory Committee had recommended that the Governing Council should not take a decision on the matter at that time and had said that there was no need for the Council to act at that time on the other recommendations accepted by the Administrator, and that such decisions should be deferred until the special session of the Governing Council in February 1992.

27. Mr. JOMAA (Observer for Tunisia) expressed his delegation's disappointment that the Chairman of ACABQ was unable to accept the invitation extended to him by the Council.

28. Mr. KUFUOR (Ghana), speaking in his capacity as Chairman of the Group of 77, said that the report entitled "A strategy-based senior management structure for the United Nations Development Programme" (DP/1991/50), also known as the Kienbaum report, contained interesting analyses and proposals on the UNDP senior management structure which required careful study. The Group of 77 felt that it would be advisable to await the results of the review of the intergovernmental machinery of the Economic and Social Council and the General Assembly, to be carried out in accordance with General Assembly resolution 45/264, before further consideration was given to the Kienbaum report.

29. The views of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) on the report were also important. Decisions on the report should therefore be deferred until the special session of the Governing Council to be held in February 1992. Meanwhile, the Advisory Committee had asked the Administrator to provide the Governing Council with a detailed and clear report outlining all the recommendations accepted by him and their impact, financial and otherwise, on the organization. The Group of 77 hoped that that advice would be followed.

30. Mrs. DUDIK GAYOSO (United States of America) reminded delegations that the Governing Council did not function on the basis of political groupings such as the Group of 77. That was a tradition which had been respected over many years and had promoted a consensus working relationship among delegations, even in areas where there was strong disagreement. She requested delegations to abide by that tradition.

31. Mr. ALMABROUK (Observer for the Libyan Arab Jamahiriya) said that any reform of the UNDP senior management structure must take into account the provisions of the relevant General Assembly resolutions and the views of Member States in that regard. That approach had been confirmed in Council decision 90/45. UNDP must be an integral part of the United Nations system and any reform of the Programme's management structure must take into consideration the restructuring of the economic and social sectors of the United Nations. The aim of management reform must be to enhance the

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(Mr. Almabrouk, Observer, Libyan Arab Jamahiriya)

Programme's capacity to respond to the needs of countries and promote programme implementation. Accordingly, his delegation felt that the Kienbaum report required further in-depth analysis in view of the important issues involved. His delegation therefore supported the recommendation of ACABQ in paragraph 11 of its report (DP/1991/62).

32. Mr. SEZAKI (Japan) shared the concern expressed in the Kienbaum report (DP/1991/50) over the decline in the relative importance of UNDP as the central organ for funding United Nations technical cooperation and in the number of projects supervised by staff at headquarters. In addition, UNDP resources were likely to increase only modestly, even in absolute terms, for the current biennium, so that the ratio of administrative expenditures to programme delivery would increase.

33. His delegation endorsed, as a matter of principle, the Administrator's decision to support strategic decentralization. Indeed, it felt that in future UNDP should give greater emphasis to the formulation of innovative development strategies and to their implementation through its field network.

34. In the main, his delegation welcomed the Administrator's comments, but wished to make a number of observations. Relocation of the funds administered by UNDP within a new Bureau for Programmes and Policy would not appear to accomplish the desired objective of improving coordination with the core programme. How was that to be achieved under the new arrangement while maintaining the integrity of the funds? With respect to the Regional Bureaux, his delegation agreed that a truly decentralized organization needed clear strategic guidance from the centre and wished to emphasize the importance of the capacity of headquarters to oversee field activities; in that connection, it was worth recalling the comment in the Kienbaum report that the Regional Bureaux often had too much of a regional strategy and too little of a UNDP strategy.

35. His delegation welcomed the Administrator's statement that the proposed reclassification and upgrading of senior management posts should not entail any increase in budgetary resources, but noted that it was inconsistent with the recommendation of the Kienbaum report and others that the total number of senior level posts should be reduced. His delegation planned to carry out a comparative study of the management structure of similar bodies such as USAID, JICA and CIDA to determine whether UNDP really needed Division Managers of D-2 rank.

36. With respect to the level of the post of Director of OPS, in view of the magnitude of its responsibilities, his delegation believed that the post should be at the Assistant Secretary-General level. Similarly, the authority of the Director of the Bureau for Finance and Administration should be strengthened as much as possible and should be commensurate with an Assistant Secretary-General (ASG) ranking.

37. Ms. SUOMALAINEN (Finland), speaking also on behalf of Denmark, Norway and Sweden, said that the Kienbaum report (DP/1991/50) was correct in stating that UNDP needed a clearly articulated corporate strategy. It was time for the Governing Council to translate its decisions 90/34 and 89/20, as well as General Assembly resolution 44/211, into an effective resource mobilization strategy for the benefit of recipient countries.

38. The Nordic countries believed that the central issue was the efficient and effective functioning of UNDP operations in the field. Support requirements and changes in headquarters management systems should therefore be defined on the basis of field office needs, in the context of the strategic policy objectives set by the Governing Council. In addition, the strategic decentralization of the role of the resident representatives should be clearly defined, to ensure full understanding throughout UNDP of the new structure from the viewpoint of field operations. That definition should take into account, in accordance with General Assembly resolution 44/211, the capacity of resident representatives as resident coordinators for the entire United Nations system.

39. The Nordic countries endorsed the principle of reducing the number of units and lines reporting directly to the Administrator, and therefore endorsed the proposal to place the funds administered by UNDP within the proposed Bureau for Programmes and Policy without changing their status, flexibility of operations or degree of autonomy. However, only the General Assembly could decide to change the administrative arrangements for UNIFEM.

40. Given the importance of ensuring that the activities of the proposed Bureau for Programmes and Policy (BPP) and those of the proposed Strategy Group did not overlap, the Nordic countries would appreciate more information on the division of labour between the two new units. They also requested information on the policy implications of rearranging the groups in charge of advocacy themes, such as women in development, within BPP. They welcomed the proposed strengthening of the Central Evaluation Office (CEO) and looked forward to the results of the detailed workload study of that unit as a means of strengthening the impact of UNDP operations in the field.

41. The Nordic countries agreed with the finding of the Kienbaum report that the Office for Project Services (OPS) might have reached a growth ceiling, and endorsed the report's recommendation, also supported by ACABQ, that the role of OPS as an executing agent for UNDP-financed activities and in support of national execution should be thoroughly discussed. They also supported the recommendations on streamlining the complicated management and operational structure of UNDP human resources management.

42. The key operational proposal of the Kienbaum report was the strengthening of the Regional Bureaux through the introduction of Division Managers, which involved upgrading to the D-2 level the current role and functions of the Division Chiefs. However, the Nordic countries felt that the Regional Bureaux should have a direct operational relationship with resident representatives

(Ms. Suomalainen, Finland)

and that the latter should report directly to the Regional Bureaux, rather than to the Administrator, since day-to-day administrative operations should in principle be delegated to the field. The Nordic countries, therefore, did not favour the proposed upgrading. The transmission of policy guidance from BPP to field offices should also be clearly defined with respect to the Regional Bureaux, on the basis of different functions and levels of policy guidance.

43. Many restructuring decisions, particularly the proposed upgrading of the post of Division Chief to Division Manager, awaited the results of more detailed studies and reviews. However, the importance of ensuring an appropriate balance among posts at different levels, in order to avoid top-heaviness, should also be borne in mind. The Nordic countries believed that, with the exception of the proposed post of Division Manager, the new structure would represent an appropriate balance. Another issue to be taken into account was the division of labour between the Governing Council and the UNDP Administration. The Governing Council's task was to give policy guidance to the Administration, while the Administration's task was to prepare strategies for policy implementation and to delegate responsibilities to the appropriate levels of the organization.

44. Mr. VAN UFFORD (Netherlands) asked how the Administrator intended to increase the approval authority of resident representatives, Division Chiefs and Regional Directors, and in particular whether a draft decision on that subject would be submitted to the Governing Council.

45. His delegation had always felt that the management of UNDP was not properly the role of the Governing Council. However, it recognized that the Kienbaum report made an interesting contribution to the Governing Council's endeavours to improve the management and governance of UNDP.

46. He disagreed with the recommendation of ACABQ that decisions on the proposed changes in the management structure of UNDP should be deferred until February 1992. The Governing Council had had ample time to consider most of the proposals, with the exception of the upgrading of the post of Division Chief to Division Manager. Clarification was required of the so-called "transmission belt" role for the new Division Managers and the Regional Bureaux, particularly as to how the new posts would strengthen the dialogue on policy and programmes between the Regional Bureaux and field offices and as to the relationship between Division Managers and the Directors of Regional Bureaux.

47. His greatest concern, however, remained the substantial upgrading of posts. The decentralization of UNDP, as a basic policy priority of both recipient and donor communities, must be pursued by decentralizing responsibility not only from headquarters to the Regional Bureaux, but also from headquarters to the field level. The upgrading of posts at headquarters threatened to lure highly qualified staff away from the field.

(Mr. Van Ufford, Netherlands)

48. He welcomed the Administrator's proposals to strengthen the Central Evaluation Office (CEO), particularly those concerning the establishment of a central Strategy Group in which CEO, the Planning and Coordination Office and the Human Development Report Office would be brought together to create a think tank that could focus on formulating a general strategy for UNDP. The success of the proposed Strategy Group would depend on its maintaining communication with the Bureau for Programmes and Policy (BPP) and the Regional Bureaux. In that regard, he would appreciate more information on the linkages between those different units and between the Human Development Report Office and the human development group within BPP.

49. He supported the general principle of giving the Administrator more time for policy development by placing fewer units under his direct supervision. He agreed that the trust funds and the Division for Global and Interregional Programmes should be integrated into BPP; the Special Unit for Technical Cooperation among Developing Countries (TCDC) could also be integrated into BPP to mainstream the programming and execution modality as effectively as possible. The United Nations Development Fund for Women (UNIFEM), however, must retain its separate identity, in keeping with its goal of giving visibility to the contributions of women to development. The relocation of the United Nations Volunteers (UNV) programme under the Office for Project Services (OPS) would pose problems for similar reasons. It would be undesirable for OPS to grow too rapidly, since some 100 posts in that office were already financed from extrabudgetary resources.

50. Mr. SIEBER (Switzerland) said that although the Kienbaum report (DP/1991/50) was very impressive, he wished the consultants had been selected earlier to give them more time to complete their study. Time constraints had resulted in certain unsatisfactory analyses, particularly for OPS, and the consultants' lack of a strategic vision for UNDP had impeded their efforts. However, they had put forward some interesting proposals for strategy approaches, which he hoped would be considered further by UNDP.

51. He fully supported the proposal, contained in the Kienbaum report and endorsed by the Administrator, that the future organizational structure of UNDP should be based on strategic decentralization. Leaner structures at headquarters and the delegation of functions and powers to the field would ensure that UNDP operations were enhanced in the area of greatest importance, namely, recipient countries. Specifically, the report proposed a reduction in the number of lines reporting directly to the Administrator from 16 to 12, and the Administrator had suggested adding UNIFEM and the Special Unit for TCDC to that number. However, despite the report's persuasive arguments for including UNIFEM in the Fund's Division of the Bureau for Programmes and Policy (BPP), the General Assembly-mandated status of UNIFEM justified its retention as a separate organization. On the other hand, he agreed that TCDC should be integrated into the Programme Development and Support Division of BPP, where it would complement the other three programme development groups.

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(Mr. Sieber, Switzerland)

52. The proposal to relocate the other funds and the Division for Global and Interregional Programmes under BPP was acceptable, as long as it did not affect the identity and autonomous functioning of the funds. Unlike the Administrator, he agreed with the consultants' recommendation to split the Division of Personnel into a Division for Administration and Conditions of Service (under the Bureau for Finance and Administration) and a Human Resources Division for staffing and training functions. He urged the Administrator to reconsider his position, since the proposal would reassign tasks to the units best qualified to fulfil them.

53. He asked for more information on the functional and legal aspects of the proposed integration of the Governing Council secretariat into the new Bureau of External Relations. That arrangement would require members of the Governing Council to rely on the Director of the Council secretariat and the Director of the new Bureau for liaison with the Administrator, which seemed inappropriate for the governing body of UNDP. Moreover, the arrangement failed to reflect the Governing Council's status as the governing body of the United Nations Population Fund (UNFPA).

54. He also questioned the appropriateness of integrating the Planning and Coordination Office (PCO) into a Strategy Group, since PCO had an administrative rather than a strategic orientation. The proposed inclusion of the Central Evaluation Office (CEO) in the Strategy Group was also cause for concern, since it could endanger the vital link between CEO and field offices.

55. He requested clarification of several aspects of the proposed new post of Division Manager, including the relationship of Division Managers with the Directors and Deputy Directors of Regional Bureaux, the Administrator and field offices; the upgrading of posts to the D-2 level despite the need to guard against top-heaviness in the management structure; the effect of the 14 new D-2 posts on budget neutrality; the nature of the future functions of Deputy Directors of Regional Bureaux; the allocation of administrative capacities between Division Managers and the Bureau for Finance and Administration; and the danger of draining field offices of qualified personnel. Lastly, he requested clarification of the future role of OPS in the light of the goal of enhanced national execution and a more programme-oriented approach and the new successor arrangements for agency support costs, since those elements were barely reflected in the organizational proposal for OPS.

56. Mr. SAHLMANN (Germany) said that while the Kienbaum report and the Administrator's comments thereon had laid the groundwork for improving the senior management structure of UNDP, further analysis was necessary, particularly with respect to the need to reduce the number of senior-level posts in accordance with Governing Council decision 90/45. Additional efforts were also needed in the area of strategic decentralization, particularly through a further reduction of the number of units reporting directly to the Administrator.

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(Mr. Sahlmann, Germany)

57. He hesitated to endorse all the proposed structural changes, in the absence of the most important prerequisite for a new senior management structure, namely, a comprehensive outline of a grand strategy and a corporate identity. He was also concerned about the proposed post of Division Manager and its implications for the future role of UNDP as the major operational activities funding agency in the United Nations system, for the functioning of the system of resident representatives and for the role of Deputy Directors of Regional Bureaux. The proposal appeared to involve recentralization rather than decentralization, at the risk of weakening field offices. More details would be necessary before a decision could be reached.

58. While the special relationship between UNDP and UNIFEM, as laid down in General Assembly resolutions, must be borne in mind in evaluating the recommendation to place UNIFEM under the new Bureau for Programmes and Policy (BPP), the proposed integration of the Special Unit for TCDC into BPP seemed appropriate in view of the catalytic role of UNDP in TCDC. The proposed establishment of a Strategy Group reporting directly to the Administrator was a timely and welcome idea, as was the strengthening of the Central Evaluation Office, though conflicts and overlapping between the work of the Strategy Group and that of BPP must be avoided. He would welcome more information on the proposed division of labour between those two units.

59. He could not agree with the consultants' proposals concerning the funds administered by UNDP, which would endanger their identity, nor with the proposed division of responsibilities between the Human Resources Division and the Bureau for Finance and Administration (BFA). In general, he felt that all personnel matters should be handled solely by BFA and, in any event, that the Bureau should be responsible for the administrative aspects of personnel management. He also had serious doubts about the classification of the BFA Assistant Administrator's post at the ASG level.

60. The Administrator had rightly pointed out that problems involving OPS had not been appropriately addressed by the consultants. In order to assess the future of OPS in the framework of the new senior management structure, his delegation would require an outline of the main elements of the OPS strategy for implementing the recommendations of the 1988 management review of that office. His delegation was also unable to accept the regularization of the posts of the Director and Deputy Director of OPS in the absence of that information. The proposal to create 14 posts for Division Managers at the D-2 level, although not expected to entail an increase in the budgetary resources required, threatened to lure highly qualified resident representatives away from the field to headquarters. That danger must be avoided and other options which did not entail increased costs must therefore be explored.

61. He agreed with ACABQ that the Administrator should provide the Governing Council with a clear outline, reflecting General Assembly resolution 44/211 and UNDP resolutions on the fifth cycle and on elements of the funding strategy, of the UNDP strategy for the next 5 to 10 years. Although it was

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(Mr. Sahlmann, Germany)

appropriate to begin implementing the proposal for the new Bureau for Programmes and Policy, which reflected decisions already reached on the fifth cycle, his delegation would not be in a position to endorse the remaining proposals until it received such a strategy outline.

62. Mr. MORALES CARBALLO (Cuba) said that he supported the proposal of the Group of 77 to defer implementation of the Kienbaum report recommendations. Although that report had been commissioned in accordance with Governing Council decision 90/45, it went beyond the terms of reference laid down in that decision. For example, the report stated that General Assembly resolution 2688 (XXV), on the recommendation of the Jackson Report, had given UNDP a leadership role which had deteriorated over time. It went on to relate that statement to the volume of UNDP resources, which had diminished considerably, and to claim that changes in the structure and management of technical assistance would result in increased resources for UNDP. However, as his delegation had stated previously, experience had shown that there had never been any link between structural change and increased UNDP resources.

63. Chapter 3.8 of the Kienbaum report contained a proposal to transform the Governing Council into a smaller executive body that maintained ongoing contact with headquarters. However, the proposal's implication that the Standing Committee for Programme Matters should handle the analysis of all aspects of UNDP and that the Governing Council's role should be merely to adopt the Committee's conclusions as formal decisions was unacceptable. In general, he agreed with ACABQ that the recommendations in the report were not in accordance with the legislative mandates contained in General Assembly resolution 45/264 on the restructuring and revitalization of the United Nations in the economic, social and related fields. He felt that such reports were unnecessary and that what the recipient countries of UNDP technical assistance really needed was the political will of the international community to attain the goal of an 8 per cent annual increase in its contributions. The additional financial resources should not be spent on restructuring or on the creation of new posts, divisions, units, etc., but on the provision of technical assistance. It would be more fruitful for the Governing Council and the UNDP Administration to develop detailed proposals for the implementation of General Assembly resolution 45/264.

64. Mr. SAHA (India) said that his country agreed with the Kienbaum report (DP/1991/50) that there were uncertainties with regard to UNDP's vision, strategy and focus, but not necessarily for the reasons described in the report. Before UNDP had come under attack by certain Member States who wished to re-orient it, it had indeed had an unmistakable and clear focus. That focus was capacity-building in recipient countries through multilateral technical cooperation.

65. The search for what the report called a "vision" and a "grand strategy" had led to considerable confusion over concepts both within UNDP and among Member States. There was no understanding of what constituted a programme

(Mr. Saha, India)

approach or what the so-called themes were intended to achieve. The search for a grand strategy might perhaps be proving altogether counter-productive. The goal must clearly be to have a high degree of consonance among all projects and activities undertaken in a country, irrespective of their source of funding. An approach which favoured the integration of UNDP-funded activities within a narrow context was altogether untenable and could easily become the vehicle for implementing questionable concepts.

66. India welcomed the Administrator's decision to increase the project approval authority of resident representatives to \$1 million, but believed that it did not go far enough in meeting present needs. Resident representatives should be delegated the authority to approve projects of up to \$2 million and to approve additional allocations of up to \$0.5 million.

67. The Administrator's proposals on decentralization as part of a possible new structure could, potentially, lead to greater centralization and micro-management by headquarters of field operations. Notwithstanding attempts to decentralize authority to field offices, the overall trend had clearly been towards increasing centralization, which had had a negative impact on the Programme as a whole.

68. If the new post of Division Manager was introduced, UNDP senior management would become even heavier than it now was. In view of the inevitable expansion of support staff that would follow such a move, one of the major objectives of the study, namely, a leaner and stronger UNDP, was likely to be thwarted. Despite the staff cuts proposed for the next biennium, restructuring could result in staff increases. There was a compelling case for curbing growth in UNDP staffing levels in order to rein in operational costs. Another reason for viewing the proposed post of Division Manager with caution was that such managers would have enormous cross-departmental authority and responsibility for issues ranging from programme support to personnel, finance and administration. There would always be the danger of their acting quite independently of the Directors of Regional Bureaux, thereby undermining the Directors' authority. If the proposal was implemented, the job profile must match the cross-cultural demands of what would become key positions in the organization.

69. There was a serious imbalance in the geographical distribution of resident representatives. Only 3 of the 24 resident representatives in Asia were from the region, and the Division Manager concept, if implemented, should take such factors into account from the outset.

70. UNDP had given relatively little thought, in the context of the senior management restructuring exercise, to the question of providing greater support to field offices. The new structure should not only ensure more effective control but also enable headquarters to provide full back-up support to resident representatives. In an overly centralized regime, people with

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(Mr. Saha, India)

initiative at the field level would soon become frustrated. The prized jobs would then become those at headquarters, such as the proposed Division Manager posts, and there would be a progressive erosion of the quality of leadership provided at the field level.

71. India accepted the need for creating a Strategy Group attached to the Administrator's office, but was sceptical about the directions in which that Group might push the organization. UNDP might make periodic forays into controversial areas, much to its detriment. Such a Group should not stray from UNDP's mandate, which remained the provision of assistance to developing countries in the field of technical cooperation. While there was always a need for new ideas, think tanks deriving special authority from close proximity to the head of the organization needed to be constantly reminded of the context in which they operated.

72. There was a possible inconsistency between the Administrator's proposal to transfer responsibilities in personnel matters to the Regional Bureaux and invoking the United Nations common system as an argument for retaining the Division of Personnel within the Administrator's office.

73. Mr. YENEL (Observer for Turkey) said that his country disagreed with the view expressed in the Kienbaum report that there was a dilemma in UNDP as regards strategy. UNDP had a strategy, the primary aim of which was human development through the attainment of self-reliance, to be achieved by capacity-building. The report also took a rather dim view of technical cooperation among developing countries (TCDC) and, failing to grasp its importance, called for reclassification of the post of Director of the Special Unit for TCDC. Turkey favoured the retention of the post of Director at the D-2 level.

74. The report had exceeded its mandate in presenting its views on UNDP governance, suggesting that the Governing Council should not become involved in micro-management, especially in the allocation of indicative planning figures. In fact, that was an area where the Governing Council carried a major responsibility.

75. The report did not fully appreciate the role of the Governing Council secretariat, which had always been a part of the Administrator's office. When the report suggested that the secretariat become part of a new bureau to be headed by an Assistant Secretary-General, it was actually downgrading it. In fact, the Council secretariat served not only UNDP but also the United Nations Population Fund (UNFPA) and the Department of Technical Cooperation for Development.

76. Turkey agreed with ACABQ that there was no need for the Governing Council to take action on any of the recommendations of the Kienbaum report at the present time.

77. Mr. JASINSKI (Poland) said that UNDP depended not only on the critical resources of qualified staff and funds, but also on other crucial, if unquantifiable, factors such as the political climate, the state of cooperation among partners - which often hinged on interpersonal relations - and a number of other imponderables. His country supported the future orientation of UNDP in line with the concept of focused (strategic) decentralization, which meant a strengthened role for the Administrator, the Regional Bureaux and resident representatives.

78. The Regional Bureau for Arab States and Europe should have three country programme divisions covering the three subregions: West Asia, North Africa and Europe. That structure would correspond to the three regional economic commissions serving countries covered by the Bureau. The division for Europe should receive equal treatment to that enjoyed by the divisions in all other Regional Bureaux, with a corresponding field office infrastructure. Poland supported the concept of a strong Division Manager, which would be applicable to regional project divisions.

79. Regarding the impact of the study on non-UNDP projects or on components of UNDP cooperation such as recipient and donor Governments, agencies and other new actors joining the technical cooperation process, the reorganization of UNDP should be accompanied by various measures by Governments and agencies as part of a gradual and mutually supportive process.

80. Mr. CARMICHAEL (Canada) said that the Kienbaum report proposed a number of changes for UNDP which would improve its effectiveness, particularly with regard to the need for strategy formulation and delivery. His country supported the proposed creation of a Strategy Group and enhanced strategy functions for the Regional Bureaux. The time of headquarters personnel would be much more effectively spent on policy, strategy and programme concerns than, as currently, on micro-management and project administration.

81. Canada also supported the proposed strengthening of the Regional Bureaux and the delegation of significant programme and administration responsibilities to them and to field offices. More emphasis should be placed on the exercise of line management functions and Canada would have preferred a reduced role for committees. It was cause for concern that UNDP senior managers spent one third of their time at internal meetings. The Action Committee consumed considerable resources every week, and Canada therefore endorsed the proposal that it delegate most of its project approval authority to the Regional Bureaux or the field. That might help reverse the trend towards smaller projects, which ran counter to the direction UNDP should be taking.

82. Canada supported the integration of the various funds into UNDP's core structure in order to increase the efficiency and coherence of the development cooperation provided by the United Nations system. However, UNIFEM was an important exception. The fact that the Kienbaum report concentrated almost exclusively on headquarters rather than on the field was its most serious

(Mr. Carmichael, Canada)

deficiency. In that connection, it would be unfortunate if the creation of the proposed Division Manager post at the D-2 level resulted in the transfer of some of the strongest resident representatives back to headquarters to fill those posts. The Administrator should prepare a plan linking the proposed changes to the senior management structure, with detailed plans for decentralization of programme and administrative functions.

83. Mr. BORJA DE MOZOTA (France) said that the Kienbaum report was too schematic and that the technical nature of UNDP operations called for a pragmatic approach to restructuring the organization. The report did show, however, that the UNDP Administration should approach the analysis of general development problems and the overall strategy of UNDP in a more orderly fashion, with more input from the Governing Council. Programme planning and programme implementation should be more clearly linked, and the Council should spend more time at each session on defining UNDP's role and strategy.

84. There seemed to be a consensus that more authority should be delegated to field offices in the area of administration. France was in favour of keeping the Human Resources Division attached to the office of the Administrator. External relations functions should no longer be fragmented, as more effective dissemination of information should result in enhanced mobilization of resources from donor countries. The fact that most of those countries were in Europe should encourage the UNDP management to strengthen the Geneva office. The idea of upgrading the post of Director of the Bureau of External Relations, while maintaining the Director of the Geneva office at the D-2 level, deserved support.

85. Grouping together the different units in charge of international and regional programme design or specific thematic goals was desirable. However, the specificity of some of the funds administered by UNDP must be maintained. UNIFEM, for example, should have its own director.

86. More authority should be delegated to field offices in the area of programming and administration, provided that the "transmission belt" role foreseen in the Kienbaum report was established. The Regional Bureaux should also be strengthened, provided that their staff were not almost exclusively from the region in question - a situation which might result in cultural compartmentalization. Contrary to the suggestion of the Kienbaum report, resident representatives must have direct access to the Administrator. Lastly, the role of OPS should be better defined.

87. Mr. REDZUAN (Malaysia) said that the Council should consider the spirit of General Assembly resolution 45/264 on the restructuring and revitalization of the United Nations and that, accordingly, the UNDP senior management study should not be viewed in total isolation. Malaysia welcomed the proposed reduction in the number of senior management posts in UNDP, as that would significantly reduce operational costs and enhance the Programme's effectiveness. Any attempt to create new posts and upgrade present ones should be examined thoroughly to ensure that such an exercise truly benefited

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(Mr. Redzuan, Malaysia)

UNDP. The proposed creation of Division Manager posts should be undertaken only after a careful review of the possible advantages of such a move. A longer and more comprehensive study covering the Programme's organizational structure should also be undertaken, aimed at a greater balance of representation from donor and recipient countries and ensuring wider geographical distribution in UNDP's senior management structure.

88. Despite the multilateral and universal character of UNDP, the geographical distribution of resident representatives was conspicuously unbalanced; only 17 out of 42 resident representatives in Africa were from the region while in Asia, only 3 out of 24 resident representatives were from the region. The Administrator should correct that anomaly.

89. Mr. GHEKIERE (Belgium) said that the important principle of decentralization could promote greater effectiveness, but there were also dangers in giving in too quickly to local pressures and to subjective arrangements. Decentralization of the project execution process or of the managerial aspects of project execution would be acceptable. However, such decentralization should be complemented by strong attention at headquarters to new programmes. Decentralization should be sought only if it guaranteed that the quality of new projects would be objectively enhanced.

The meeting rose at 6.20 p.m.